

Message Text

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17

ACTION ARA-20

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COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11 INT-08 L-03

NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 PA-04 PRS-01

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FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 4782

C O N F I D E N T I A L CARACAS 6678

EO 11652: GDS

TAGS: ENRG VE

SUBJECT: SUN OIL COMPANY OFFICIALS VISIT EMBASSY

SUMMARY: PARADE OF SENIOR U.S. OIL COMPANY OFFICIALS CONTINUES WITH SUNOCO EXECUTIVES VISIT TO CARACAS IN EFFORT TO DETERMINE VENEZUELA'S NEW OIL POLICY. THERE HAVE BEEN THREE MAJOR OIL COMPANIES, THE GOVERNOR OF MISSISSIPPI, AND AN FEA CONTRACTED LAW FIRM PASSING THROUGH EMBASSY IN PAST WEEK. END OF SUMMARY.

1. MR J. DWAYNE TAYLOR, EXECUTIVE VICE PRESIDENT, SUN OIL CO., AND MR MARION D. NOBLE, PRESIDENT, SUN OIL INTERNATIONAL, INC., ARE VISITING CARACAS THIS WEEK. THEY GAVE AN ELABORATE RECEPTION EVENING OF JULY 16, MET WITH AMBASSADOR MORNING OF JULY 17, AND WILL MEET WITH MINISTER OF MINES AND HYDROCARBONS AND PRESIDENT PEREZ LATER TODAY, 17TH. PURPOSE OF THEIR TRIP IS TO DETERMINE TO EXTENT POSSIBLE GOV INTENTIONS ON OIL CONCESSION REVERSION.

2. NOT GENERALLY KNOWN IS FACT THAT SUNOCO RANKS AS FOURTH LARGEST OIL PRODUCER IN VENEZUELA, AFTER CREOLE, SHELL AND MENE GRANDE (GULF). ITS CURRENT PRODUCTION LEVEL IS 155,000 B/D WITH ANOTHER 30,000 SHUT-IN DUE TO RECENT GOV CONSERVATION MEASURES. SUNOCO
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IS CONCESSION HOLDER FOR CONSORTIUM OF OIL COMPANIES IN WESTERN

VENEZUELA AND PARTICIPATES IN CONSORTIUM FOR WHICH PHILLIPS IS CONCESSION HOLDER IN EASTERN VENEZUELA. VENEZUELA IS PRINCIPAL SOURCE OF SUNOCO'S FOREIGN OIL SUPPLY, THEIR OTHER IMPORTANT PRINCIPAL SUPPLY BEING IRAN WHERE COMPANY OBTAINS APPROXIMATELY 28,000 B/D THROUGH SIMILAR CONSORTIUM ARRANGEMENT.

3. TAYLOR STATED COMPANY HAS GOOD RELATIONS IN VENEZUELA. LOCAL PRESIDENT, GUSTAVO ARISTIGUETA, IS VENEZUELAN AND HIGHLY RESPECTED BY EMBASSY, TRADE AND GOV. COMPANY MAINTAINS ONLY EIGHT AMERICANS IN THIS COUNTRY, NONE IN KEY POSITIONS, CONTRASTED WITH 360 VENEZUELAN EMPLOYEES.

4. TAYLOR SAID COMPANY HAD BEEN APPROACHED BY VARIOUS PRIVATE PARTIES TO CONSIDER NEW INVESTMENT HERE. DESIRED INVESTMENT WOULD BE IN REFINING AND OTHER HIGH TECHNOLOGY PROCESSES. IN RESPONSE TO TAYLOR'S QUESTION CONCERNING INVESTMENT CLIMATE, THE AMBASSADOR REPLIED THAT IT WOULD BE MOST WELCOME IN FIELDS MENTIONED BY SUNOCO. GOV IS NOT INTERESTED IN FURTHER INVESTMENT OF A NATURE WHICH VENEZUELA NATIONALS CAN EASILY CARRY OUT. THIS EXPLAINS WHY SEARS DE VENEZUELA'S MERCHANDIZING OPERATION IS SO FULNERABLE.

5. OF PARTICULAR INTEREST TO VENEZUELA WOULD BE SUNOCO'S SHIPBUILDING CAPABILITIES. SINCE A NATIONAL SHIPBUILDING INDUSTRY IS HIGH ON AGENDA OF PROJECTS PRESIDENT PEREZ IS CONSIDERING, SUNOCO WAS ADVISED TO EMPHASIZE THIS POSSIBILITY IN THEIR MEETING WITH VENEZUELA'S PRESIDENT. A PROPOSAL BY SUNOCO TO PARTICIPATE IN ESTABLISHING FACILITIES TO BUILD OIL TANKERS MIGHT BE READILY COUPLED WITH AN AGREEMENT WHEREBY SUNOCO WOULD RETAIN ACCESS TO ITS CURRENT LOCAL OIL PRODUCTION.

6. TAYLOR PROMISED TO KEEP EMBASSY ADVISED OF ANY SIGNIFICANT DEVELOPMENTS FROM HIS CONVERSATION WITH PRESIDENT PEREZ.
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